

# **Moorland Township**

**Muskegon County, Michigan**

## **FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT**

**Year Ended March 31, 2008**

# Moorland Township

Muskegon County, Michigan

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March 31, 2008

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## INDEPENDENT AUDITORS' REPORT

To the Township Board  
Moorland Township  
Muskegon County, Michigan

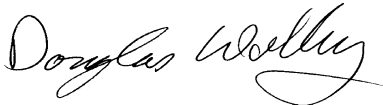
We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Moorland Township as of and for the year ended March 31, 2008, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Moorland Township management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund and the aggregate remaining fund information of Moorland Township as of March 31, 2008, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and budgetary comparison information are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Moorland Township basic financial statements. The introductory section is presented for purposes of additional analysis and is not a required part of the basic financial statements. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.



Grand Rapids, Michigan  
September 5, 2008

# Moorland Township

## Management Discussion and Analysis

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As management of Moorland Township, we present to the readers of the Township's financial statements this overview and analysis of the financial activities of Moorland Township for the fiscal year ended March 31, 2008. We encourage you to consider the information presented in these financial statements along with the additional information that has been furnished in this letter.

### **FINANCIAL HIGHLIGHTS**

Moorland Township's Fire Fund issued a \$34,000 installment purchase agreement to purchase a fire truck.

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

The discussion and analysis is intended to serve as an introduction to the Township's basic financial statements. Moorland Township's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

#### **Government-wide Financial Statements**

The government-wide financial statements are designed to provide the reader with a broad overview of the Township's finances. These statements are similar to those of a private sector business.

The Statement of Net Assets presents information on all of the Township's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Township is improving or deteriorating.

The Statement of Activities presents information showing how the Township's net assets changed during the fiscal year. All changes in net assets are reported when the event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in the future fiscal periods.

Both of the government-wide financial statements mentioned above distinguish functions of the Township that are principally supported by taxes and intergovernmental revenues. The governmental activities of Moorland Township include general government, public works, public safety and community and economic development activities.

# Moorland Township

## Management Discussion and Analysis

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### Fund Financial Statements.

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Moorland Township, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Township can be divided in to two categories-governmental funds and fiduciary funds.

### Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on current sources and uses of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. This information may be useful in evaluating a governmental entity's short-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's short-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between the two.

Moorland Township maintains two individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund and the Fire Fund, which are considered major funds.

### Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the Township. Fiduciary funds are not reflected on the government-wide financial statements because the resources from those funds are not available to support the Township's programs. The accounting method used for fiduciary funds is much like that used for the proprietary funds.

### Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The reader is encouraged to include the reading of this section in any attempt to analyze and understand these statements.

### Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Township's budgetary information as it relates to the actual expenditures for the General Fund and the Fire Fund.

# Moorland Township

## Management Discussion and Analysis

### Government-wide Financial Analysis

The first table presented below is a summary of the government-wide statement of net assets for Moorland Township. Current assets increased during the year due to an increase in current assets of the Fire Fund. Capital asset increased due to the donation of a fire truck. Noncurrent liabilities decreased due to the early repayment of an equipment loan. Capital assets, net of related debt increased primarily due to the donated fire truck.

As stated earlier, the net assets may be used as an indicator of a government's financial health. The Township's combined net assets decreased 8% from a year ago, decreasing from \$1,037,124 to \$957,398. The net assets are comprised of three parts, invested in capital assets, net of related debt of \$397,954, which represent the net investment the Township has in fixed asset less accumulated depreciation and related debt, restricted of \$126,016 and the balance of the net assets which is unrestricted.

In examining the composition of these net assets, the reader should note that governmental activities net assets are invested in capital assets, net of related debt (i.e., buildings, land, fire equipment and office equipment, etc.) These assets are used to provide services to the Township's residents, and they are not available to pay salaries, operational expenses or capital projects. The unrestricted net assets for governmental-type activities actually depict a balance of \$433,428. This represents the amount of discretionary resources that can be used for general governmental operations.

Governmental Activities			
		2008	2007
Current assets	\$	567,125	\$ 637,267
Noncurrent assets		431,954	409,745
Total assets		999,079	1,047,012
Long-term debt outstanding		34,000	
Other liabilities		7,681	9,888
Total liabilities		41,681	9,888
Net assets			
Invested in capital assets - net of debt		397,954	409,745
Restricted		126,016	129,679
Unrestricted		433,428	497,700
Total net assets	\$	957,398	\$ 1,037,124

Unrestricted net assets, the part of net assets that can be used to finance day to day operations, decreased by \$64,272 for the governmental activities. This represents a decrease approximately 13%. The current level of unrestricted net assets for our governmental activities stands at \$433,428, or about 106% of expenditures. This is within the targeted range set by the Township Board during its last budget process.

# Moorland Township

## Management Discussion and Analysis

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### Governmental Activities

The table below is a summary of the government-wide statement of changes in Net Assets. During the year, there were a few significant changes from last year. Charges for services revenues decreased due to less revenue from impact fees received from Muskegon County. Capital grants and contributions decreased due to the donation of a fire truck in the previous year. General government expenses increased due to increased spending in all areas along with normal inflationary cost increases. Public works expenses increased due to an increase in road work. With all of the Township's governmental operations combined, the net result was that its operating expenditures exceeded its revenues producing the resulting change in net assets.

	2008	2007
<b><u>Program revenues</u></b>		
Charges for services	\$ 49,028	\$ 58,716
Capital grants and contributions		110,000
<b><u>General Revenue</u></b>		
Property tax	140,707	147,257
State revenue	117,376	118,440
Unrestricted investment income	14,418	15,201
Miscellaneous	8,864	5,420
<b>Total Revenues</b>	<b>330,393</b>	<b>455,034</b>
<b>Program expenses</b>		
General government	169,733	136,732
Public safety	100,320	70,316
Public works	123,363	92,338
Community development	16,703	5,331
Interest on long-term debt		265
<b>Total expenses</b>	<b>410,119</b>	<b>304,982</b>
<b>Change in net assets</b>	<b>\$ (79,726)</b>	<b>\$ 150,052</b>

# Moorland Township

## Management Discussion and Analysis

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### Financial Analysis of the Government's Funds

As stated earlier in this discussion and analysis, Moorland Township uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

### Governmental Funds

The focus of Moorland Township governmental funds is to provide information on near-term inflows, outflows, and balances in spendable resources. Such information is useful in assessing the Township's financing requirements. In particular, unreserved fund balances or the lack thereof, may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the 2008 fiscal year, Moorland Township governmental funds reported a combined reserved and unreserved fund balance of \$559,445. This number represents the unreserved fund balance of \$417,393 in the General Fund and \$142,052 in the Fire Fund.

### General Fund Budget

During the current fiscal year, the Township made several small amendments to its original budget. All the increases in the budget were completely offset by a decrease in the contingency budget.

The following comments summarize the major variations from the final amended budget to the final actual expenditures.

### General Fund

- ◆ Property taxes and related administration fees exceeded budgeted amounts.
- ◆ Actual state revenue sharing was less than anticipated.
- ◆ Interest on investments exceeded budgeted amounts.
- ◆ Township Board expenditures were under budget due to wages paid to the Secretary were less than anticipated.
- ◆ Capital outlay expenditures were less than budgeted in Buildings and Grounds.
- ◆ Actual Cemetery wages were substantially less than budgeted.
- ◆ Roads were under budget due to not completing all of the anticipated projects.

### Fire Fund

- ◆ Fire department debt service expenditures were under budget due to contract services and wages being substantially less than expected. The capital outlay budget was exceeded because the budget expenditure was reduced by the amount of debt to be issued.



# Moorland Township

## Management Discussion and Analysis

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### Capital Assets

Moorland Township investment in capital assets for its governmental activities as of March 31, 2008 totaled \$431,954 (net of accumulated depreciation). This investment in capital assets includes land, buildings, office equipment and fire equipment. The township's only significant capital asset addition during the year was a fire truck. This increase in capital assets was partially offset by normal depreciation.

		2008		2007
Land	\$	22,500	\$	22,500
Buildings and improvements		46,364		49,642
Furniture and equipment		9,080		9,855
Fire equipment		354,010		327,748
Total		431,954		409,745

Additional information on the Township's capital assets can be found in Note 5 of the "Notes to the Financial Statements" of this report.

### Long-term debt

The Township borrowed \$34,000 through an installment purchase agreement to acquire a fire truck. The total purchase price of the truck was \$51,674.

### General Economic Overview

The Township's General Fund is comprised of two major revenue sources; state revenue sharing and property tax revenue. Those two sources comprised approximately 70% of the General Fund revenue sources. In fiscal 2009 state revenue sharing is expected to remain flat and property tax revenues are expected to increase approximately 2%.

### Requests for Information

This financial report is designed to provide a general overview of the Moorland Township's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Moorland Township, 12416 E Apple Ave., Ravenna, MI 49451, (23 1) 853-2015.

## **GOVERNMENT-WIDE FINANCIAL STATEMENTS**

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# Moorland Township

Muskegon County, Michigan

## Statement of Net Assets

For the year ended March 31, 2008

	Governmental activities
<b><u>GOVERNMENTAL ASSETS</u></b>	
Cash and cash equivalents	\$ 520,240
Receivables (net)	46,885
Capital assets (net)	431,954
<b>TOTAL ASSETS</b>	<b>\$ 999,079</b>
<b><u>GOVERNMENTAL LIABILITIES</u></b>	
Accounts payable	\$ 1,602
Accrued and other liabilities	6,079
Non current liabilities	
Due within one year	6,214
Due in more than one year	27,786
<b>TOTAL LIABILITIES</b>	<b>41,681</b>
<b><u>GOVERNMENTAL NET ASSETS</u></b>	
Reserved for	
Fire protection	126,016
Invested in capital assets	397,954
Unrestricted	433,428
<b>TOTAL NET ASSETS</b>	<b>957,398</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 999,079</b>

The Notes to the Financial Statements are an integral part of this statement.

# Moorland Township

Muskegon County, Michigan

## Statement of Activities

For the year ended March 31, 2008

Functions/Programs	Expenses	Charges for services	Governmental activities
<b>PRIMARY GOVERNMENT EXPENSES</b>			
General government	\$ 169,733	\$ 49,028	\$ (120,705)
Public safety	100,320	-	(100,320)
Public works	123,363	-	(123,363)
Community and economic development	16,703	-	(16,703)
<b>Total Governmental activities</b>	<b>\$ 410,119</b>	<b>\$ 49,028</b>	<b>(361,091)</b>
<b>General Revenues</b>			
Property taxes			140,707
State-shared revenue			117,376
Unrestricted investment income			14,418
Miscellaneous			8,864
<b>Total general revenues - special items and transfers</b>			<b>281,365</b>
<b>Change in net assets</b>			<b>(79,726)</b>
<b>Net assets at beginning of year</b>			<b>1,037,124</b>
<b>Net assets at end of year</b>		<b>\$</b>	<b>957,398</b>

The Notes to the Financial Statements are an integral part of this statement.

# Moorland Township

Muskegon County, Michigan

Governmental Funds

Balance Sheet

March 31, 2008

	General Fund	Fire Fund	Total
<b>ASSETS</b>			
Cash	\$ 412,559	\$ 107,681	\$ 520,240
Taxes receivable	8,122	-	8,122
Accounts receivable	-	16,036	16,036
Due from other units of government	22,728	-	22,728
Due from other funds	-	21,266	21,266
<b>TOTAL ASSETS</b>	<b>\$ 443,409</b>	<b>\$ 144,983</b>	<b>\$ 588,392</b>
<b>LIABILITIES AND FUND EQUITY</b>			
<b>LIABILITIES</b>			
Accounts payable	\$ 1,602	\$ -	\$ 1,602
Due to other funds	21,266	-	21,266
Payroll deductions payable	3,148	481	3,629
Wages payable	-	2,450	2,450
<b>TOTAL LIABILITIES</b>	<b>26,016</b>	<b>2,931</b>	<b>28,947</b>
<b>FUND BALANCES</b>			
Designated for			
Reserved	-	142,052	142,052
Unreserved/Undesignated	417,393	-	417,393
<b>TOTAL FUND BALANCES</b>	<b>417,393</b>	<b>142,052</b>	<b>559,445</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 443,409</b>	<b>\$ 144,983</b>	<b>\$ 588,392</b>

The Notes to the Financial Statements are an integral part of this statement.

# Moorland Township

Muskegon County, Michigan

## Reconciliation of Fund Balance of Governmental Funds to the Net Assets of Governmental Activities on the Statement of Net Assets

For the year ended March 31, 2008

Total fund balances - total governmental funds	\$	559,445
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Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of:

Capital assets at cost	779,831
Accumulated depreciation	(347,877)
Net capital assets	431,954

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds. Balances at March 31, 2008 were:

Installment purchase contracts payable	(34,000)
Net assets of governmental activities	\$ 957,399

The Notes to the Financial Statements are an integral part of this statement.

# Moorland Township

Muskegon County, Michigan

Governmental Funds

## Statement of Revenue, Expenditures, and Changes in Fund Balances

For the year ended March 31, 2008

	General Fund	Fire Fund	Total
<b>REVENUE</b>			
Property taxes	\$ 66,623	\$ 88,527	\$ 155,150
State grants	117,376	-	117,376
Licenses and permits	1,071	-	1,071
Charges for services	2,387	-	2,387
Interest and rents	13,152	1,267	14,419
Other revenue	33,772	6,221	39,993
<b>TOTAL REVENUE</b>	<b>234,381</b>	<b>96,015</b>	<b>330,396</b>
<b>EXPENDITURES</b>			
General government	161,129	-	161,129
Public safety	-	63,251	63,251
Public works	123,363	-	123,363
Community and economic development	11,713	-	11,713
Other	11,583	-	11,583
Capital outlay	-	61,291	61,291
<b>TOTAL EXPENDITURES</b>	<b>307,788</b>	<b>124,542</b>	<b>432,330</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(73,407)</b>	<b>(28,527)</b>	<b>(101,934)</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Bond or note issuance	-	34,000	34,000
<b>NET CHANGE IN FUND BALANCES</b>	<b>(73,407)</b>	<b>5,473</b>	<b>(67,934)</b>
<b>FUND BALANCES, BEGINNING OF YEAR</b>	<b>490,800</b>	<b>136,579</b>	<b>627,379</b>
<b>FUND BALANCES, END OF YEAR</b>	<b>\$ 417,393</b>	<b>\$ 142,052</b>	<b>\$ 559,445</b>

The Notes to the Financial Statements are an integral part of this statement.

# Moorland Township

Muskegon County, Michigan

## Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities

For the year ended March 31, 2008

Net change in fund balances - total governmental funds	\$	(67,934)
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of capital outlay added to capital assets.	56,654
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The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets.	(34,000)
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Some expense reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:

Depreciation	(34,445)
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Change in net assets of government activities	\$	(79,725)
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The Notes to the Financial Statements are an integral part of this statement.



# Moorland Township

Muskegon County, Michigan

Fiduciary Fund

Statement of Net Assets

For the year ended March 31, 2008

Agency Fund Type		
Cash	\$	1,300
Due to other funds	\$	1,300

The Notes to the Financial Statements are an integral part of this statement.

## **NOTES TO BASIC FINANCIAL STATEMENTS**

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**Moorland Township**  
**Muskegon County, Michigan**  
**Notes to Basic Financial Statements**  
For the year ended March 31, 2008

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of Moorland Township conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by Moorland Township:

**A. Reporting Entity**

Moorland Township is governed by an elected five member Board. The Township has no component units, entities for which the government is considered to be financially accountable.

**B. Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenue.

This reporting model provides for separate financial statements for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. Moorland Township has no proprietary funds. The Township has one fiduciary fund, the Tax Agency Fund.

**Moorland Township**  
**Muskegon County, Michigan**  
**Notes to Basic Financial Statements**  
**For the year ended March 31, 2008**

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**C. Measurement Focus, Basis of Accounting and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

Moorland Township's property tax is levied on each December 1 on the taxable valuation of property (as defined by State statutes) located in Moorland Township as of the preceding December 31st.

The 2007 taxable valuation of Moorland Township totaled \$37,410,190, on which ad valorem taxes levied consisted of the following:

	<u>Mills levied</u>	<u>Raising</u>
Operating	1.1363 \$	42,509
Fire Safety	1.9938	74,588
Fire Safety	0.4984	18,645

These amounts are recognized in the respective General Fund and Fire Fund financial statements as tax revenue.

The government reports the following major governmental funds:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government.

The Fire Fund provides fire protection to the community.

**Moorland Township**  
**Muskegon County, Michigan**  
**Notes to Basic Financial Statements**  
**For the year ended March 31, 2008**

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Additionally, the government reports the following fund types:

The Fiduciary fund accounts for property tax collected on behalf of the Township and other units.

Private-sector standards of accounting issued prior to December 1, 1989, are generally followed in government-wide financial statements to the extent that those standards do not conflict with the standards of the Governmental Accounting Standards Board.

**D. Assets, Liabilities, and Net Assets or Equity**

**Bank Deposits and Investments**--Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

**Receivables and Payables**--In general, outstanding balances between funds are reported as "due to/from other funds." Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as "advances to/from other funds." Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances."

All trade and property tax receivables are shown as net of allowance for uncollectible amounts. Property taxes are levied on each December 1st on the taxable valuation of property as of the preceding December 31st. Taxes are considered delinquent on March 1st of the following year, at which time penalties and interest are assessed.

**Capital Assets**--Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$1,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Property, plant and equipment is depreciated using the straight-line method over the following useful lives:

Buildings and improvements	10 to 50 years
Furniture and equipment	3 to 20 years
Fire equipment	5 to 30 years

**Fund Equity**--In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

**Moorland Township**  
**Muskegon County, Michigan**  
**Notes to Basic Financial Statements**  
**For the year ended March 31, 2008**

**NOTE 2- STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

Budgetary Information--Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. All annual appropriations lapse at fiscal year end.

The Township normally follows these procedures in establishing the budgetary data reflected in the financial statements:

On or before March 1, the Township supervisor submits to the Board, a proposed operating budget for the fiscal year commencing on April 1. The operating budget includes proposed expenditures and the means of financing them.

A public hearing is conducted at the Township hall to obtain taxpayer comments.

On or before March 31, the budget is adopted by resolution.

Any revisions that alter the total expenditures of any fund must be approved by the Township Board.

Budgeted amounts are presented as originally adopted, or as amended by the Township Board before March 31. Individual amendments were not material in relation to the original appropriations which were amended.

Budgets as presented for the General Fund are prepared on the modified accrual basis of accounting on the activity level. Encumbrances are not recorded at year end. Budget appropriations lapse at the end of each fiscal year.

Budgetary amounts reported herein are as originally adopted, or as amended by the Township Board throughout the operating year.

The Township legally adopts budgets for the General Fund.

Budgets shown in the financial statements are adopted on a basis consistent with generally accepted accounting principles, and consist only of those amounts contained in the formal budget approved as amended by the Township Board.

The legal level of control is at the activity level of the General Fund.

The Township Clerk is authorized to transfer budgeted amounts between accounts within the same department. Revisions that alter the total expenditures of any fund or total department expenditures must be approved by the Township Board.

The budget document presents information by fund, function, department and line items. The legal level of budgetary control adopted by the governing body is the department level.

Amounts encumbered for purchase orders, contracts, etc., are not tracked during the year. Budget appropriations are considered to be spent once the goods are delivered or the services rendered.

**Moorland Township**  
**Muskegon County, Michigan**  
**Notes to Basic Financial Statements**  
For the year ended March 31, 2008

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**NOTE 3 - DEPOSITS AND INVESTMENTS**

Michigan Compiled Laws, Section 129.91, authorizes Moorland Township to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations which have an office in Michigan. The local unit is allowed to invest in bonds, securities and other direct obligations of the United States or any agency or instrumentality of the United States; United States government or federal agency obligations; repurchase agreements; bankers' acceptance of United States banks; commercial paper rated within the two highest classifications which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated as investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan.

**Interest Rate Risk**

The Township's investment policy has no provision to limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

**Credit Risk**

State law limits investments in commercial paper and corporate bonds to the two highest classifications issued by nationally recognized statistical rating organizations (NRSROs). The Township's investment policy has no provision that would further limit its investment choices.

**Concentration of Credit Risk**

The Township's investment policy has no concentration of credit risk provision. Concentration of credit risk is the risk of loss attributed to the magnitude of the Township investment in a single issuer, by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized.

**Custodial Credit Risk of Bank Deposits**

Custodial credit risk is the risk that in the event of a bank failure, the Township's deposits may not be returned to it. The Township's investment policy does not have a deposit provision for custodial credit risk. At the year end, the Township had \$470,077 of bank deposits (money market, checking and savings accounts) that were uninsured and uncollateralized. The Township believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the Township evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

**Custodial Credit Risk of Investments**

The Township's investment policy does not have a custodial credit risk provision for investments. This is the risk that, in the event of a failure of the counterparty, the Township will not be able to recover the value of its investments or collateral securities that are in possession of an outside party.

**Foreign Currency Risk**

The Township is not authorized to invest in investments which have this type of risk.

**Moorland Township**  
**Muskegon County, Michigan**  
**Notes to Basic Financial Statements**  
For the year ended March 31, 2008

**NOTE 4 - RECEIVABLES**

Receivables as of year-end for the Township's individual major and nonmajor funds including the applicable allowances for uncollectible accounts, are as follows:

	General Fund
Intergovernmental	\$ 22,728

**NOTE 5 - CAPITAL ASSETS**

Capital asset activity of the primary government for the current year was as follows:

	Balance April 1, 2007	Additions	Disposals	Balance March 31, 2008
<b>Governmental Activities</b>				
Assets not being depreciated				
Land	\$ 22,500	\$	\$	\$ 22,500
Capital assets being depreciated:				
Buildings and Improvements	166,436			166,436
Furniture and Equipment	14,211			14,211
Fire Equipment	520,030	56,654		576,684
<b>Subtotal</b>	<b>700,677</b>	<b>56,654</b>		<b>757,331</b>
Accumulated depreciation:				
Buildings and Improvements	116,794	3,278		120,072
Furniture and Equipment	4,356	775		5,131
Fire Equipment	192,282	30,392		222,674
<b>Subtotal</b>	<b>313,432</b>	<b>34,445</b>		<b>347,877</b>
<b>Net capital assets being depreciated</b>	<b>387,245</b>	<b>22,209</b>		<b>409,454</b>
<b>Net capital assets</b>	<b>\$ 409,745</b>	<b>\$ 22,209</b>	<b>\$</b>	<b>\$ 431,954</b>

Depreciation expense was charged to programs of the primary government as follows:

<b>Governmental activities:</b>	
General government	\$ 2,013
Public safety	32,432
<b>Total governmental activities</b>	<b>\$ 34,445</b>



**Moorland Township**  
**Muskegon County, Michigan**  
**Notes to Basic Financial Statements**  
For the year ended March 31, 2008

**NOTE 6 - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS**

Interfund balances resulting from distribution of property taxes are described in the following schedule.

Receivable Fund	Payable Fund	Amount
Fire Fund	General Fund	\$ 21,266

**NOTE 7 - LONG-TERM DEBT**

The Township issues bonds to provide for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the Township. County contractual agreements and installment purchase agreements are also general obligations of the Township. Special assessment bonds provide for capital improvements that benefit specific properties, and will be repaid from amounts levied against those properties benefited from the construction. In the event that a deficiency exists because of unpaid or delinquent special assessments at the time a debt service payment is due, the Township is obligated to provide resources to cover the deficiency until other resources (such as tax sale proceeds or a re-assessment of the district) are received. Revenue bonds involve a pledge of specific income derived from the acquired or constructed assets to pay debt service.

Bond and contractual obligation activity can be summarized as follows:

	Balance April 1, 2007	Additions	Reductions	Balance March 31, 2008	Due within one year
Installment purchase agreement - Fire truck	\$	\$ 34,000	\$	\$ 34,000	\$ 6,214

Annual debt service requirements to maturity for the above obligations are as follows:

March 31,	Bonds Payable		Total
	Principal	Interest	
2009	\$ 6,214	\$ 1,528	\$ 7,742
2010	6,494	1,249	7,743
2011	6,787	957	7,744
2012	7,093	652	7,745
2013	7,412	333	7,745
Totals	\$ 34,000	\$ 4,719	\$ 38,719

Annual debt service requirements to maturity for the above obligation are not presented because the amounts and terms will not be known until completion of the project.

**Moorland Township**  
**Muskegon County, Michigan**  
**Notes to Basic Financial Statements**  
For the year ended March 31, 2008

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**NOTE 8 - RISK MANAGEMENT**

Moorland Township is exposed to various risks of loss related to property loss, torts, errors and omissions and employee injuries (workers' compensation), as well as medical benefits provided to employees. Moorland Township has purchased commercial insurance for all claims and participates in the Michigan Municipal Risk Management Authority for claims relating to employee injuries. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

**NOTE 9 - OTHER POST-EMPLOYMENT BENEFITS**

The Township has no post-retirement benefit plans at this time.

**NOTE 10 - EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS**

Moorland Township provides pension benefits for all elected officials through a defined contribution plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. The Plan requires a 10 percent contribution of qualified payroll. The Plan is administered through Symetra Financial, an independent third party. The Board members are not required to contribute to the Plan. For the year ended March 31, 2008, pension expense was approximately \$4,990

**NOTE 11 - ECONOMIC DEPENDENCY**

State of Michigan shared revenues are 47 percent of General Fund revenues.

## REQUIRED SUPPLEMENTAL INFORMATION

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# Moorland Township

Muskegon County, Michigan

General Fund

## Budgetary Comparison Schedule

For the year ended March 31, 2008

	Original budget	Final budget	Actual	Variance with final budget
<b>REVENUES</b>				
Property Taxes				
Current property taxes	\$ 48,900	\$ 48,900	\$ 52,181	\$ 3,281
Property tax administration fee	10,000	10,000	14,442	4,442
<b>Total Property Taxes</b>	<b>58,900</b>	<b>58,900</b>	<b>66,623</b>	<b>7,723</b>
State Grants				
State revenue sharing	121,000	121,000	117,376	(3,624)
Business licenses and permits	4,000	4,000	1,071	(2,929)
Charges for Services				
Charges for services	500	500	787	287
Sales	400	400	1,600	1,200
<b>Total Charges for Services</b>	<b>900</b>	<b>900</b>	<b>2,387</b>	<b>1,487</b>
Interest and Rentals				
Interest on investments	5,000	5,000	13,152	8,152
Other Revenue				
Other revenue	52,500	52,500	33,772	(18,728)
<b>TOTAL REVENUES</b>	<b>242,300</b>	<b>242,300</b>	<b>234,381</b>	<b>(7,919)</b>

# Moorland Township

Muskegon County, Michigan

General Fund

Budgetary Comparison Schedule

For the year ended March 31, 2008

	Original budget	Final budget	Actual	Variance with final budget
<b><u>EXPENDITURES</u></b>				
General government				
Township board	\$ 42,000	\$ 40,500	\$ 35,132	\$ 5,368
Supervisor	13,250	13,250	12,784	466
Clerk	19,750	21,250	19,636	1,614
Treasurer	19,550	19,550	17,852	1,698
Elections	3,050	3,050	584	2,466
Buildings and grounds	53,200	53,200	41,739	11,461
Assessor	25,800	14,300	15,000	(700)
Cemetery	10,850	10,850	7,772	3,078
Board of review	1,000	1,000	900	100
General administration	9,500	9,500	9,730	(230)
<b>Total General government</b>	<b>197,950</b>	<b>186,450</b>	<b>161,129</b>	<b>25,321</b>
Public safety				
Building inspection department	500	500	-	500
<b>Total Public safety</b>	<b>500</b>	<b>500</b>	<b>-</b>	<b>500</b>
Department of public works				
Highway, streets and bridges	188,500	191,000	123,363	67,637
Drains	5,000	5,000	-	5,000
<b>Total Department of public works</b>	<b>193,500</b>	<b>196,000</b>	<b>123,363</b>	<b>72,637</b>
Economic development				
Planning	3,500	12,500	1,675	10,825
Zoning	10,000	10,000	10,038	(38)
<b>Total Economic development</b>	<b>13,500</b>	<b>22,500</b>	<b>11,713</b>	<b>10,787</b>

# Moorland Township

Muskegon County, Michigan

General Fund

Budgetary Comparison Schedule

For the year ended March 31, 2008

	Original budget		Final budget		Actual	Variance with final budget
Other						
Insurance	\$	6,000	\$	6,000	\$ 4,229	\$ 1,771
Social security		2,500		2,500	2,364	136
Retirement		5,000		5,000	4,990	10
<b>Total Other</b>		<b>13,500</b>		<b>13,500</b>	<b>11,583</b>	<b>1,917</b>
<b>TOTAL EXPENDITURES</b>		<b>418,950</b>		<b>418,950</b>	<b>307,788</b>	<b>111,162</b>
<b>NET CHANGE IN FUND BALANCES</b>		<b>(176,650)</b>		<b>(176,650)</b>	<b>(73,407)</b>	<b>103,243</b>
<b>Fund balance at beginning of year</b>		<b>490,800</b>		<b>490,800</b>	<b>490,800</b>	<b>-</b>
<b>Fund balance at end of year</b>	<b>\$</b>	<b>314,150</b>	<b>\$</b>	<b>314,150</b>	<b>\$ 417,393</b>	<b>\$ 103,243</b>

# Moorland Township

Muskegon County, Michigan

Fire Fund

## Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

For the year ended March 31, 2008

	Original budget	Final budget	Actual	Variance with final budget
<b>REVENUES</b>				
Property taxes				
Current property taxes	\$ 95,258	\$ 77,316	\$ 88,527	\$ 11,211
Interest and Rentals				
Interest on investments	408	408	1,267	859
Other revenue	204	204	6,221	6,017
<b>TOTAL REVENUES</b>	<b>95,870</b>	<b>77,928</b>	<b>96,015</b>	<b>18,087</b>
<b>EXPENDITURES</b>				
Public safety	94,484	79,978	63,251	16,727
Capital outlay	20,000	25,000	61,291	(36,291)
<b>TOTAL EXPENDITURES</b>	<b>114,484</b>	<b>104,978</b>	<b>124,542</b>	<b>(19,564)</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(18,614)</b>	<b>(27,050)</b>	<b>(28,527)</b>	<b>(1,477)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds of long-term debt	-	-	34,000	34,000
<b>NET CHANGE IN FUND BALANCES</b>	<b>(18,614)</b>	<b>(27,050)</b>	<b>5,473</b>	<b>32,523</b>
Fund balance at beginning of year	136,579	136,579	136,579	-
Fund balance at end of year	\$ 117,965	\$ 109,529	\$ 142,052	\$ 32,523

## LONG-TERM DEBT

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# Moorland Township

Moorland Township

Schedule of Bonded Debt

**\$34,000 2007 Installment Purchase Agreement - 1991 E-1 Pumper**

March 31, 2008

Year ended March 31,	Interest Rate	July 1, Principal	July 1, Interest	Total
2009	4.550%	\$ 6,214	\$ 1,528	\$ 7,742
2010	4.550%	6,494	1,249	7,743
2011	4.550%	6,787	957	7,744
2012	4.550%	7,093	652	7,745
2013	4.550%	7,412	333	7,745
Totals	\$	34,000	\$ 4,719	\$ 38,719

## AUDITORS' REPORTS

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## COMMUNICATION WITH AUDIT COMMITTEE OR ITS EQUIVALENT

To the Board  
Moorland Township  
Muskegon County, Michigan

We have audited the general purpose financial statements of Moorland Township, Muskegon County, Michigan for the year ended March 31, 2008, and have issued our report thereon dated September 5, 2008. Professional standards require that we provide you with the following information related to our audit.

### Our Responsibility under Generally Accepted Auditing Standards

As stated in our engagement letter dated May 28, 2008, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance that the general purpose financial statements are free of material misstatement and are fairly presented in accordance with accounting principles generally accepted in the United States of America. Because of the concept of reasonable assurance and because we did not perform a detailed examination of all transactions, there is a risk that material errors, fraud, or other illegal acts may exist and not be detected by us.

As part of our audit, we considered the internal control of Moorland Township. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

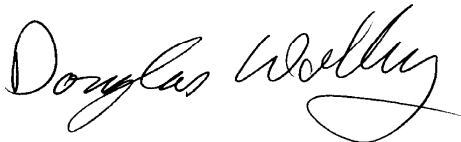
As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the Moorland Township's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our tests was not to provide an opinion on compliance with such provisions.

### Significant Accounting Policies

Management has the responsibility for selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by Moorland Township are described in Note 1 to the general purpose financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended March 31, 2008. We noted no transactions entered into by Moorland Township during the year that were both significant and unusual, and of which, under professional standards, we are required to inform you, or transactions for which there is a lack of authoritative guidance or consensus.

We encountered no significant difficulties in dealing with management in performing our audit.

This information is intended solely for the use of the Township Board and management of Moorland Township and is not intended to be and should not be used by anyone other than these specified parties.



Douglas Wohlberg, CPA  
Grand Rapids, Michigan  
September 5, 2008